

EOG Resources, Inc.
P.O. 1910
Vernal, UT 84078

August 6, 2004

Utah Division of Oil, Gas, & Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

RE: APPLICATION FOR PERMIT TO DRILL
NATURAL BUTTES UNIT 540-24E
SE/SE, SEC. 24, T9S, R21E
UINTAH COUNTY, UTAH
LEASE NO.: U-0149076
UTE INDIAN TRIBAL LANDS

Enclosed please find a copy of the Application for Permit to Drill and associated attachments for the referenced well.

Please address further communication regarding this matter (including approval) to:

Ed Trotter
P.O. Box 1910
Vernal, UT 84078
Phone: (435)789-4120
Fax: (435)789-1420

Sincerely,


Ed Trotter
Agent
EOG Resources, Inc.

Attachments

RECEIVED
AUG 18 2004
DIV. OF OIL, GAS & MINING

001

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☒ Multiple Zone

2. Name of Operator
EOG RESOURCES, INC.

3a. Address **P.O. BOX 1815
VERNAL, UT 84078**

3b. Phone No. (Include area code)
(435)789-0790

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface **521' FSL, 750' FEL**
At proposed prod. Zone

**628643X
4430390Y SE/SE 40.01581
-109.49265**

5. Lease Serial No.

U-0149076

6. If Indian, Allottee or Tribe Name

UTE INDIAN TRIBE

7. If Unit or CA Agreement, Name and No.

NATURAL BUTTES UNIT

8. Lease Name and Well No.

NATURAL BUTTES UNIT 540-24E

9. API Well No.

43-047-35588

10. Field and Pool, or Exploratory

NATURAL BUTTES

11. Sec., T., R., M., or Blk. and Survey or Area

**SEC. 24, T9S, R21E,
S.L.B.&M.**

14. Distance in miles and direction from nearest town or post office*

18.3 MILES SOUTHEAST OF OURAY, UTAH

12. County or Parish

UINTAH

13. State

UTAH

15. Distance from proposed*

location to nearest
property or lease line, ft. **521'**
(Also to nearest drig. Unit line, if any)

16. No. of Acres in lease

640

17. Spacing Unit dedicated to this well

18. Distance from proposed location*

to nearest well, drilling, completed,
applied for, on this lease, ft. See Topo Map C

19. Proposed Depth

9800'

20. BLM/BIA Bond No. on file

NM-2308

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

4887.5 FEET GRADED GROUND

22. Approximate date work will start*

UPON APPROVAL

23. Estimated duration

45 DAYS

24. Attachments

Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

Ed Trotter

Name (Printed/Typed)

Ed Trotter

Date

8-6-2004

Title

Agent

Approved by (Signature)

Bradley G. Hill

Name (Printed/Typed)

**BRADLEY G. HILL
ENVIRONMENTAL SCIENTIST III**

Date

08-27-04

Title

Office

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of Approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

RECEIVED

AUG 18 2004

DIV. OF OIL, GAS & MINING

EOG RESOURCES, INC.

T9S, R21E, S.L.B.&M.

R
21
E

R
22
E

S89°58'W - 5282.64' (G.L.O.)

NORTH - 2640.00' (G.L.O.)

N00°06'03"W - 2640.97' (Meas.)

N00°01'W - 5280.00' (G.L.O.)

24

Utah County Alum. Cap on 5/8" Rebar, 1.5' High, Mound of Stones

NBU #540-24E

Elev. Ungraded Ground = 4889'

Utah County Alum. Cap on 5/8" Rebar, 0.6' High, Mound of Stones, E-W Fenceline

S89°56'W - 2638.02' (G.L.O.)

N89°45'31"W - 2641.19' (Meas.)

1977 Brass Cap
0.4' High, E-W
Fenceline, Mound
of Stones, Steel

BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

(NAD 27)

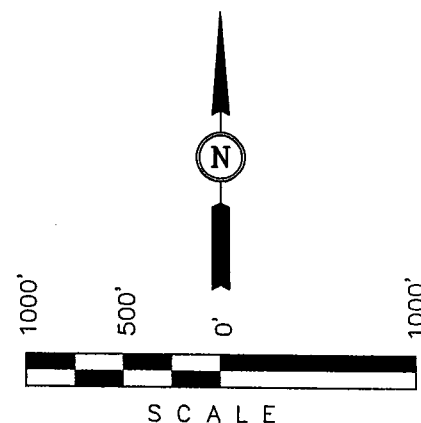
LATITUDE = 40°00'56.54" (40.015706)

LONGITUDE = 109°29'33.60" (109.492667)

Well location, NBU #540-24E, located as shown in the SE 1/4 SE 1/4 of Section 24, T9S, R21E, S.L.B.&M. Uintah County, Utah.

BASIS OF ELEVATION

BENCH MARK 20EAM LOCATED IN THE SE 1/4 OF SECTION 35, T8S, R21E, S.L.B.&M. TAKEN FROM THE OURAY SE, QUADRANGLE, UTAH, UINTAH COUNTY, 7.5 MINUTE QUAD. (TOPOGRAPHIC MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4697 FEET.



CERTIFIED LAND SURVEY

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEY MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

ROBERT L. KAY

REGISTERED LAND SURVEYOR
REGISTRATION NO. 461049
STATE OF UTAH

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

| | | |
|---------------------------|-----------------------------|-------------------------|
| SCALE 1" = 1000' | DATE SURVEYED: 04-07-04 | DATE DRAWN: 04-11-04 |
| PARTY G.S. M.B. D.R.B. | REFERENCES G.L.O. PLAT | |
| WEATHER WARM | FILE EOG RESOURCES, INC. | |

LEGEND:

└─┘ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

EIGHT POINT PLAN

NATURAL BUTTES UNIT 540-24E SE/SE, SEC. 24, T9S, R21E, S.L.B.&M. UINTAH COUNTY, UTAH

1. & 2. ESTIMATED TOPS & ANTICIPATED OIL, GAS, & WATER ZONES:

| FORMATION | DEPTH (KB) |
|------------------------|------------|
| Green River | 1,037' |
| Wasatch | 4,779' |
| Island | 7,354' |
| KMV Price River | 7,597' |
| KMV Price River Middle | 8,371' |
| KMV Price River Lower | 9,206' |
| Sego | 9,638' |

EST. TD: **9,800'**

Anticipated BHP **42005135 PSI**

3. PRESSURE CONTROL EQUIPMENT: A 5M BOP will be used on the Production Hole only. (See attached BOP Diagram), Pressure Control Equipment will not be used on the Surface Hole.

4. CASING PROGRAM:

| <u>HOLE SIZE</u> | <u>INTERVAL</u> | <u>LENGTH</u> | <u>SIZE</u> | <u>WEIGHT</u> | <u>GRADE</u> | <u>THREAD</u> | <u>MINIMUM SAFETY FACTOR</u> | | |
|------------------|--------------------|---------------|-------------|---------------|--------------|---------------|------------------------------|--------------|----------------|
| | | | | | | | <u>COLLAPSE</u> | <u>BURST</u> | <u>TENSILE</u> |
| 20" | 0' - 45' +/- GL | 45' +/- | 13 3/8" | 48.0 # | H-40 | ST&C | 770 PSI | 1730 PSI | 322,000# |
| 12 1/4" | 45' - 2300' +/- KB | 2300' +/- | 9 5/8" | 36.0 # | J-55 | ST&C | 2020 PSI | 3520 PSI | 394,000# |
| 7 7/8" | 2300' - TD +/- KB | 9800' +/- | 4 1/2" | 11.6 # | N-80 | LT&C | 6350 PSI | 7780 PSI | 223,000# |

The 12 1/4" Intermediate hole will be drilled to a total depth of 200' below the base of the Green River lost circulation zone and 9 5/8" casing will be set to that depth. Actual setting depth of the 9 5/8" casing may be less than 2300' in this well.

All casing will be new or inspected.

5. Float Equipment:

CONDUCTOR HOLE PROCEDURE (0-45' Below GL):

None

SURFACE HOLE PROCEDURE (45'-2300'):

Guide Shoe

Insert Float Collar (PDC drillable)

Cents.: 1-5' above shoe, top of jts. #2 and #3 then every 5th joint to surface.

PRODUCTION HOLE PROCEDURE 2300'-TD:

FS, 1 joint of casing, FC, and balance of casing to surface. Centralize 5' above shoe on joint #1, top of joint #2, then every 2nd joint to **400' above Island top**. Thread lock FS, top and bottom of FC, and top of 2nd joint.

EIGHT POINT PLAN

NATURAL BUTTES UNIT 540-24E SE/SE, SEC. 24, T9S, R21E, S.L.B.&M. UINTAH COUNTY, UTAH

6. MUD PROGRAM

CONDUCTOR HOLE PROCEDURE (0-45' Below GL):

Dry or light mud as needed to support drilling by Bucket Rig.

SURFACE HOLE PROCEDURE (45'-2300'):

Air, Air Mist and Water (circulate through reserve pit) with Gel/LCM sweeps.

PRODUCTION HOLE PROCEDURE 2300'-TD:

2300' - 4500' Water (circulate through reserve pit) with Gel/LCM sweeps.

4500' - 6900' Close in mud system. "Mud up" with **6.0 ppb** Diammonium Phosphate (DAP). Drill with DAP water, POLYPLUS for viscosity and hole cleaning, adding KLA-GARD B for supplemental inhibition. Also sweep hole periodically w/ Durogel / LCM sweeps to clean the hole and seal loss zones. Add additional LCM as hole dictates. Mud weight and vis as needed, water loss – no control.

6900' - TD Discontinue KLA-GARD B. Utilize POLYPAC-R for fluid loss control. Maintain **5.5 ppb** DAP. **Do not mix caustic or lime.** Maintain 7.5-8.5 pH. Weight up system and add vis as hole conditions require. Run LCM sweep periodically to seal off loss zones or more often as hole dictates. Water loss: 20 cc's maximum. Expect increasing gas shows requiring heavier mud weights from top of Island onward. Treat CO₂ contamination with DESCO CF and OSIL (Oxygen scavenger) if mud properties dictate.

7. VARIANCE REQUESTS:

- A. EOG Resources, Inc. requests a variance to regulations requiring a straight run blooie line (Where possible, a straight run blooie line will be used).
- B. EOG Resources, Inc. requests a variance to regulations requiring an automatic ignitor or continuous pilot light on the blooie line. (Not required on aerated water system).
- C. EOG Resources, Inc. requests a variance to regulations requiring the blooie line to be 100' in length. To reduce location excavation, the blooie line will be 75' in length.

8. EVALUATION PROGRAM:

Logs: RST (reservoir saturation tool) cased hole logs will be run from TD to surface.

EIGHT POINT PLAN

NATURAL BUTTES UNIT 540-24E SE/SE, SEC. 24, T9S, R21E, S.L.B.&M. UINTAH COUNTY, UTAH

9. CEMENT PROGRAM:

CONDUCTOR HOLE PROCEDURE (0-45' Below GL):

Cement to surface with Redi-Mix cement

SURFACE HOLE PROCEDURE (45'-2300'+/-):

Option #1: Well circulates or drills with air.

Tail: 500' of Class 'G' mixed at 15.8 ppg w/ 2% CaCl₂ & 0.25 pps Flocele + 35% Excess or Type 5 Cement mixed at 15.6 ppg w/ 2% CaCl₂ & 0.25 pps Flocele + 35% Excess.

Lead: Hi-Fill Cement mixed at 11 ppg with 16% Gel, 10#/sx Gilsonite, 3% salt, 3#/sx GR-3 and 0.25 #/sx Flocele plus 35% Excess to get cement returns to surface.

Option #2: Well does not circulate.

Class 'G' cement mixed at 15.8 ppg w/ 2% CaCl₂ & 0.25 pps Flocele + 35% Excess or Type % 5 Cement mixed at 15.6 ppg w/ 2% CaCl₂ & 0.25 pps Flocele + 35% Excess to 100' above the lost circulation zone and top out with same with 3-4% CaCl₂ to get cement returns to surface.

PRODUCTION HOLE PROCEDURE 2300'-TD:

Lead: 110 sks 35:65 Poz G w/ 4% D20 (Bentonite), 2% D174 (Extender), 0.2% D65 (Dispersant), 0.2% D46 (Antifoam), 0.75% D112 (Fluid Loss Additive), 0.15% D13 (Retarder), 0.25 pps D29 (cello flakes), mixed at 13.0 ppg, 1.73 cu. ft./sk., 9.06 gps water

Tail: 190 sks: 50:50 Poz G w/ 2% D20 (Bentonite), 0.1% D46 (Antifoam), 0.15% D13 (Retarder), 0.2% D167 (Fluid Loss Additive), 0.2% D65 (Dispersant), mixed at 14.1 ppg, 1.28 cu. ft./sk., 5.9 gps water.

10. ABNORMAL CONDITIONS:

SURFACE HOLE (45'-2300')

Potential Problems: Lost circulation below 1800' and minor amounts of gas may be present.

PRODUCTION HOLE 2300'-TD

Potential Problems: Sloughing shales and key seat development are possible in the Wasatch Formation. CO₂ contamination in the mud is possible in the Price River (Mesa Verde).

EIGHT POINT PLAN

NATURAL BUTTES UNIT 540-24E
SE/SE, SEC. 24, T9S, R21E, S.L.B.&M.
UINTAH COUNTY, UTAH

11. STANDARD REQUIRED EQUIPMENT:

- A. Choke Manifold
- B. Kelly Cock
- C. Stabbing Valve
- D. Visual Mud Monitoring

12. HAZARDOUS CHEMICALS:

No chemicals subject to reporting under SARA title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

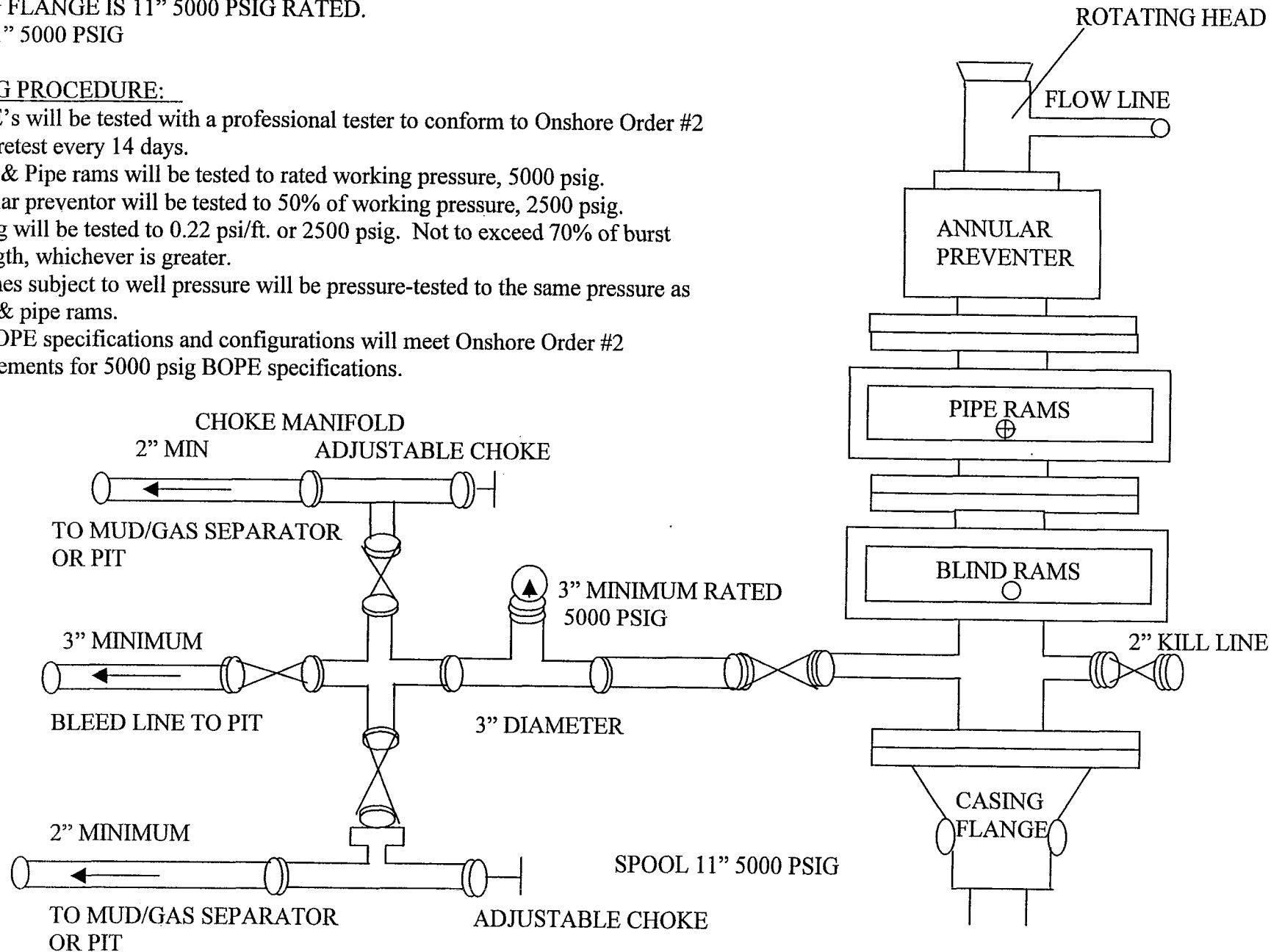
(Attachment: BOP Schematic Diagram)

5000 PSIG DIAGRAM

ANNULAR PREVENTOR AND BOTH RAMS ARE 5000 PSIG RATED.
CASING FLANGE IS 11" 5000 PSIG RATED.
BOPE 11" 5000 PSIG

TESTING PROCEDURE:

1. BOPE's will be tested with a professional tester to conform to Onshore Order #2 with retest every 14 days.
2. Blind & Pipe rams will be tested to rated working pressure, 5000 psig.
3. Annular preventor will be tested to 50% of working pressure, 2500 psig.
4. Casing will be tested to 0.22 psi/ft. or 2500 psig. Not to exceed 70% of burst strength, whichever is greater.
5. All lines subject to well pressure will be pressure-tested to the same pressure as blind & pipe rams.
6. All BOPE specifications and configurations will meet Onshore Order #2 requirements for 5000 psig BOPE specifications.



**CONDITIONS OF APPROVAL
FOR THE SURFACE USE PROGRAM OF THE
APPLICATION FOR PERMIT TO DRILL**

Company/Operator: EOG Resources, Inc.
Well Name & Number: Natural Buttes Unit 540-24E
Lease Number: U-0149076
Location: 521' FSL & 750' FEL, SE/SE, Sec. 24,
T9S, R21E, S.L.B.&M., Uintah County
Surface Ownership: Ute Indian Tribe

NOTIFICATION REQUIREMENTS

Location Construction - forty-eight (48) hours prior to construction
of location and access roads.

Location Completion - prior to moving on the drilling rig.

Spud Notice: - at least twenty-four (24) hours prior to
spudding the well.

Casing String and
Cementing - twenty-four (24) hours prior to running
casing and cementing all casing strings.

BOP and related
Equipment Tests - twenty-four (24) hours prior to running
casing and tests.

First Production
Notice - within five (5) business days after new
Well begins or production resumes after
Well has been off production for more
than ninety (90) days.

For more specific details on notification requirements, please check the Conditions of
Approval for Notice to Drill and Surface Use Program.

THIRTEEN POINT SURFACE USE PROGRAM

1. EXISTING ROADS

- A. See attached Wellsite Plats showing directional reference stakes on location, and attached TOPO Map "B" showing access to location from existing roads.
- B. The proposed well site is located approximately 18.3 miles southeast of Ouray, Utah - See attached TOPO Map "A".
- C. Refer to attached Topographic Map "A" showing labeled access route to location.
- D. Existing roads will be maintained and repaired as necessary. No off lease Right-of-Way will be required.

2. PLANNED ACCESS ROAD

- A. The access road will be approximately 0.3 miles in length. See attached TOPO Map "B".
- B. The access road has a 30 foot ROW w/ 18 foot running surface.
- C. Maximum grade on access road will be 8%.
- D. No turnouts will be required.
- E. Road drainage crossings shall be of the typical dry creek drainage crossing type.
- F. No culverts, bridges, or major cuts and fills will be required.
- G. The access road will be dirt surface.
- H. No gates, cattleguards, or fences will be required or encountered.

New or reconstructed roads will be centerlined - flagged at time of location staking.

All travel will be confined to existing access road Right-of-Way.
Access roads and surface disturbing activities will conform to standards outlined in the Bureau of Land Management and Forest Service Publication: Surface Operating Standards For Oil & Gas Exploration and Development, (1989).

The road shall be upgraded to meet the standards of the anticipated traffic flow and all-weather road requirements. Upgrading shall include ditching, drainage, graveling, crowning, and capping the roadbed as necessary to provide a well-constructed safe road. Prior to upgrading, the road shall be cleared of any snow cover and allowed to dry completely. Traveling off the 30 foot Right-of-Way will not be allowed.

Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossings nor shall the drainages be blocked by the roadbed. Erosion of

drainage ditches by run off water shall be prevented by diverting water off at frequent intervals by means of cutouts. Upgrading shall not be allowed during muddy conditions. Should mud holes develop, they shall be filled in and detours around them avoided.

As operator, EOG Resources, Inc. shall be responsible for all maintenance on cattleguards, or gates associated with this oil and/or gas operation.

3. **LOCATION OF EXISTING WELLS WITHIN A ONE MILE RADIUS OF PROPOSED WELL LOCATION**

- A. Abandoned wells - 5*
- B. Producing wells - 30*
- C. Shut in wells - 2*

(*See attached TOPO map "C" for location)

4. **LOCATION OF EXISTING AND/OR PROPOSED FACILITIES**

A. **ON WELL PAD**

- 1. Production facilities will be set on location if the well is successfully completed for production. Facilities will consist of well head valves, separator, dehy, 210 Bbl condensate tank, meter house, and attached piping.
- 2. Gas gathering lines - A 4" gathering line will be buried from dehy to the edge of the location.

B. **OFF WELL PAD**

- 1. Proposed location of attendant off pad flowlines shall be flagged prior to archaeological clearance.
- 2. A 4" OD steel above ground natural gas pipeline will be laid approximately 1930' from proposed location to a point in the SW/SW of Section 19, T9S, R21E, where it will tie into Questar Pipeline Co.'s existing line. Proposed pipeline crosses BIA administered lands, thus a Right-of-Way grant will be required.
- 3. Proposed pipeline will be a 4" OD steel, welded line laid on the surface.
- 4. Protective measures and devices for livestock and wildlife will be taken and/or installed where required.

If storage facilities/tank batteries are constructed on this lease, the facility/battery or the well pad shall be surrounded by a containment dike of sufficient capacity to contain, at a minimum, the entire contents of the largest tank within the facility/battery, unless more stringent protective requirements are deemed necessary by the authorized officer.

The production facilities will be placed on the Southwest side of the location.

All permanent (on site for six months or longer) structures constructed or installed (including pumping units) will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors, as determined by the Rocky Mountain Five State Interagency Committee. All facilities required will be painted within 6 months of installation. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded.

The required paint color is Carlsbad Canyon.

If at any time the facilities located on public land and authorized by the terms of the lease are no longer included in the lease (due to a construction in the unit or other lease or unit boundary change), the BIA will process a change in authorization to the appropriate rental or other financial obligation as determined by the authorized officer.

5. **LOCATION & TYPE OF WATER SUPPLY**

- A. Water supply will be from the Ouray Brine Plant at Ouray, Utah, and/or Target Trucking Inc.'s water source in the SW/SW, Sec. 35, T9S, R22E, Uintah County, Utah (State Water Right #49-1501). Produced water from the Chapita Wells and Stagecoach Units will also be used.
- B. Water will be hauled by a licensed trucking company.
- C. No water well will be drilled on lease.

6. **SOURCE OF CONSTRUCTION MATERIAL**

- A. All construction material for this location and access road will be of native borrow and soil accumulated during the construction of the location.
- B. All construction material will come from Tribal Land.
- C. No mineral materials will be required.

7. **METHODS OF HANDLING WASTE DISPOSAL**

A. METHODS AND LOCATION

- 1. Cuttings will be confined in the reserve pit.
- 2. A portable toilet will be provided for human waste during the drilling and completion of the well. Disposal will be at the Vernal sewage disposal plant.
- 3. Burning will not be allowed. Trash and other waste material will be contained in a wire mesh cage and disposed of at the Uintah County landfill.

4. Produced wastewater will be confined to a lined pit or storage tank for a period not to exceed 90 days after initial production. After the 90 day period, the produced water will be contained in a tank on location and then disposed of at one of the following three locations: Natural Buttes Unit 21-20B SWD, Ace Disposal, or EOG Resources, Inc. drilling operations (Chapita Wells Unit, Natural Buttes Unit & Stagecoach Unit).
 5. All chemicals will be disposed of at an authorized disposal site. Drip pans and absorbent pads will be used on the drilling rig to avoid leakage of oil to the pit.
- B. Water from drilling fluids and recovered during testing operations will be disposed of by either evaporating in the reserve pit or be removed and disposed of at an authorized disposal site. Introduction of well bore hydrocarbons to the reserve pit will be avoided by flaring them off in the flare pit at the time of recovery.

On BIA administered land:

The reserve pit will be constructed so as not to leak, break, or allow discharge. If the reserve pit requires padding prior to lining (due to rocky conditions) felt padding will be used.

The reserve pit shall be lined with a plastic liner. A felt liner will also be installed if rock is encountered during pit construction.

8. **ANCILLARY FACILITIES**

- A. No airstrips or camps are planned for this well.

9. **WELLSITE LAYOUT**

- A. Refer to attached well site plat for related topography cuts and fills and cross sections.
- B. Refer to attached well site plat for rig layout and soil material stockpile location as approved on On-site.
- C. Refer to attached well site plat for rig orientation, parking areas, and access road.

The reserve pit will be located on the Northwest corner of the location. The flare pit will be located downwind of the prevailing wind direction on the North side of the location, a minimum of 100 feet from the well head and 30 feet from the reserve pit fence.

The stockpiled topsoil will be stored from Corner #2 to Corner #8.

Access to the well pad will be from the East.

FENCING REQUIREMENTS:

All pits will be fenced according to the following minimum standards:

- A. Thirty-nine inch net wire shall be used with at least one strand of barbed wire on top of the net wire. (Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence).
- B. The net wire shall be no more than 2 inches above the ground. The barbed wire strand shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.
- C. Corner posts shall be cemented and/or braced in such a manner as to keep the fence tight at all times.
- D. Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 feet.
- E. All wire shall be stretched by using a stretching device before it is attached to the corner posts.

The reserve pit fencing will be on the three sides during drilling operations and on the fourth side when the rig moves off the location. Pits will be fenced and maintained until cleanup.

Each existing fence to be crossed by the access road shall be braced and tied off before cutting so as to prevent slacking of the wire. The opening shall be closed temporarily as necessary during construction to prevent the escape of livestock, and, upon completion of construction, the fence shall be repaired to BIA or SMA specifications. A cattleguard with an adjacent 16-foot gate shall be installed in any fence where a road is to be regularly traveled. If the well is a producer, the cattleguards (shall/shall not) be permanently mounted on concrete bases. Prior to crossing any fence located on Tribal land, or any fence between Tribal land and private land, the operator will contact the BIA, who will in turn contact the grazing permittee or owner of said fence and offer him/her the opportunity to be present when the fence is cut in order to satisfy himself/herself that the fence is adequately braced and tied off.

10. PLANS FOR RESTORATION OF SURFACE

A. PRODUCING LOCATION

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, equipment, debris, materials, trash, and junk not required for production.

Immediately upon well completion, any hydrocarbons on the pit shall be removed in accordance with CFR 3162.7-1.

If a plastic nylon reinforced liner is used, it shall be torn and perforated before backfilling of the reserve pit.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 12 months from the date of well completion. Before any dirt work takes place, the reserve pit will be completely dry and all cans, barrels, pipe, fluid, and hydrocarbons, will be removed.

Contact appropriate surface management agency for required seed mixture.

B. DRY HOLE/ABANDONED LOCATION

At such time as the well is plugged and abandoned, the operator will submit a subsequent report of abandonment and the BIA will attach the appropriate surface rehabilitation conditions of approval.

11. SURFACE OWNERSHIP

Access road: Tribal

Location: Tribal

12. OTHER INFORMATION

A. EOG Resources, Inc. will inform all persons in the area who are associated with this project that they are subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator will immediately stop work that might further disturb such materials, and contact the AO. Within five working days the AO will inform the operator as to:

- whether the materials appear eligible for the National Register of Historic Places;
- the mitigation measures the operator will likely have to undertake before the site can be used.
- a time frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wished, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials that may be required. Otherwise, the operator will be responsible for mitigation costs.

The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that required mitigation has been completed, the operator will then be allowed to resume construction.

- B. As operator, EOG Resources, Inc. will control noxious weeds along Right-of-Ways for roads, pipelines, well sites, or other applicable facilities. A list of noxious weeds will be obtained from the BIA, or the appropriate County Extension Office. On BIA administered land, a Pesticide Use proposal shall be submitted, and given approval, prior to the application of herbicides or other pesticides or possible hazardous chemicals.
- C. Drilling rigs and/or equipment used during drilling operations on this well site will not be stacked or stored on Tribal Lands after the conclusion of drilling operations or at any other time without BIA authorization. However, if BIA authorization is obtained, it is only a temporary measure to allow time to make arrangements for permanent storage on commercial facilities. (The BIA does not seek to compete with private industry. There are commercial facilities available for stacking and storing drilling rigs.)

Additional Surface Stipulations

None

LESSEE'S OR OPERATOR'S REPRESENTATIVE AND CERTIFICATION

PERMITTING AGENT

Ed Trotter
P.O. Box 1910
Vernal, UT 84078
Telephone: (435)789-4120
Fax: (435)789-1420

DRILLING OPERATIONS

Donald Presenkowski
EOG Resources, Inc.
P.O. Box 250
Big Piney, WY 83113
Telephone: (307)276-4865

All lease or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approval plan of operations, and any applicable Notice to Lessees. EOG Resources, Inc. is fully responsible for the actions of their subcontractors. A copy of these conditions will be furnished to the field representative to insure compliance.

A copy of the approved APD and ROW grant, if applicable, shall be on location during construction of the location and drilling activities.

The BIA office shall be notified upon site completion prior to moving on the drilling rig.

Certification

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions that presently exist; that the statements made in the Plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by EOG Resources, Inc. and its contractors and subcontractors in conformity with this Plan and the terms and conditions under which it is approved.

Please be advised that EOG Resources, Inc. is considered to be the operator of the **Natural Buttes 540-24E Well, located in the SE/SE of Section 24, T9S, R21E, Uintah County, Utah; Lease #U-0149076;** and is responsible under the terms and conditions of the lease for the operations conducted upon the leased lands. Bond Coverage is provided under Bond #NM 2308.

8-6-2004
Date

Paul J. Galt
Agent

EOG RESOURCES, INC.

NBU #540-24E

SECTION 24, T9S, R21E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; TURN LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 6.9 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY DIRECTION APPROXIMATELY 5.0 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTH; TURN LEFT AND PROCEED IN NORTHWESTERLY DIRECTION APPROXIMATELY 0.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 3.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE NORTHEAST; TURN RIGHT AND PROCEED IN A NORTHEASTERLY DIRECTION APPROXIMATELY 0.9 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN RIGHT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 0.3 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 0.6 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTHWEST; TURN RIGHT AND PROCEED IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 0.1 MILES TO THE BEGINNING OF THE PROPOSED ACCESS TO THE WEST; FOLLOW ROAD FLAGS IN A WESTERLY DIRECTION APPROXIMATELY 0.3 MILES TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED LOCATION IS APPROXIMATELY 49.3 MILES.

EOG RESOURCES, INC.

NBU #540-24E

LOCATED IN UINTAH COUNTY, UTAH
SECTION 24, T9S, R21E, S.L.B.&M.

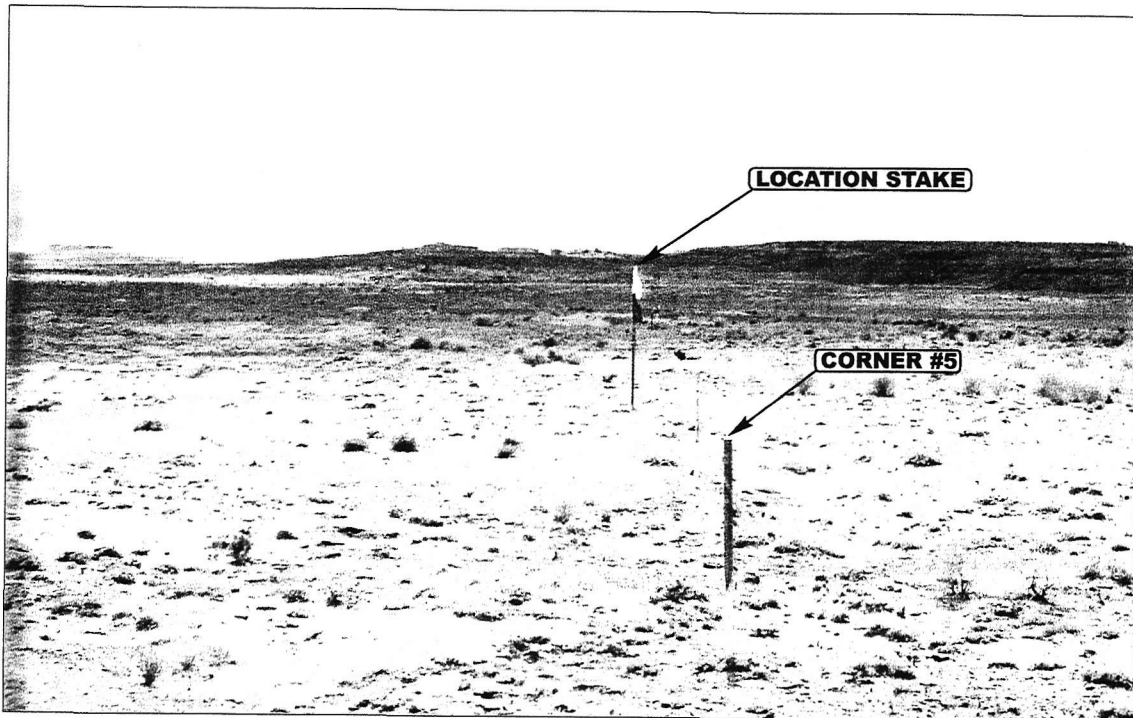


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: SOUTHEASTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHWESTERLY



- Since 1964 -

U
E
L
S
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

4 16 04
MONTH DAY YEAR

PHOTO

TAKEN BY: GS. DRAWN BY: J.L.G. REVISED: 00-00-00

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

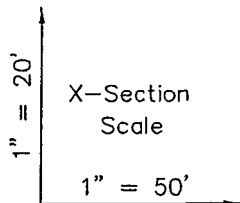
EOG RESOURCES, INC.

TYPICAL CROSS SECTIONS FOR

NBU #540-24E

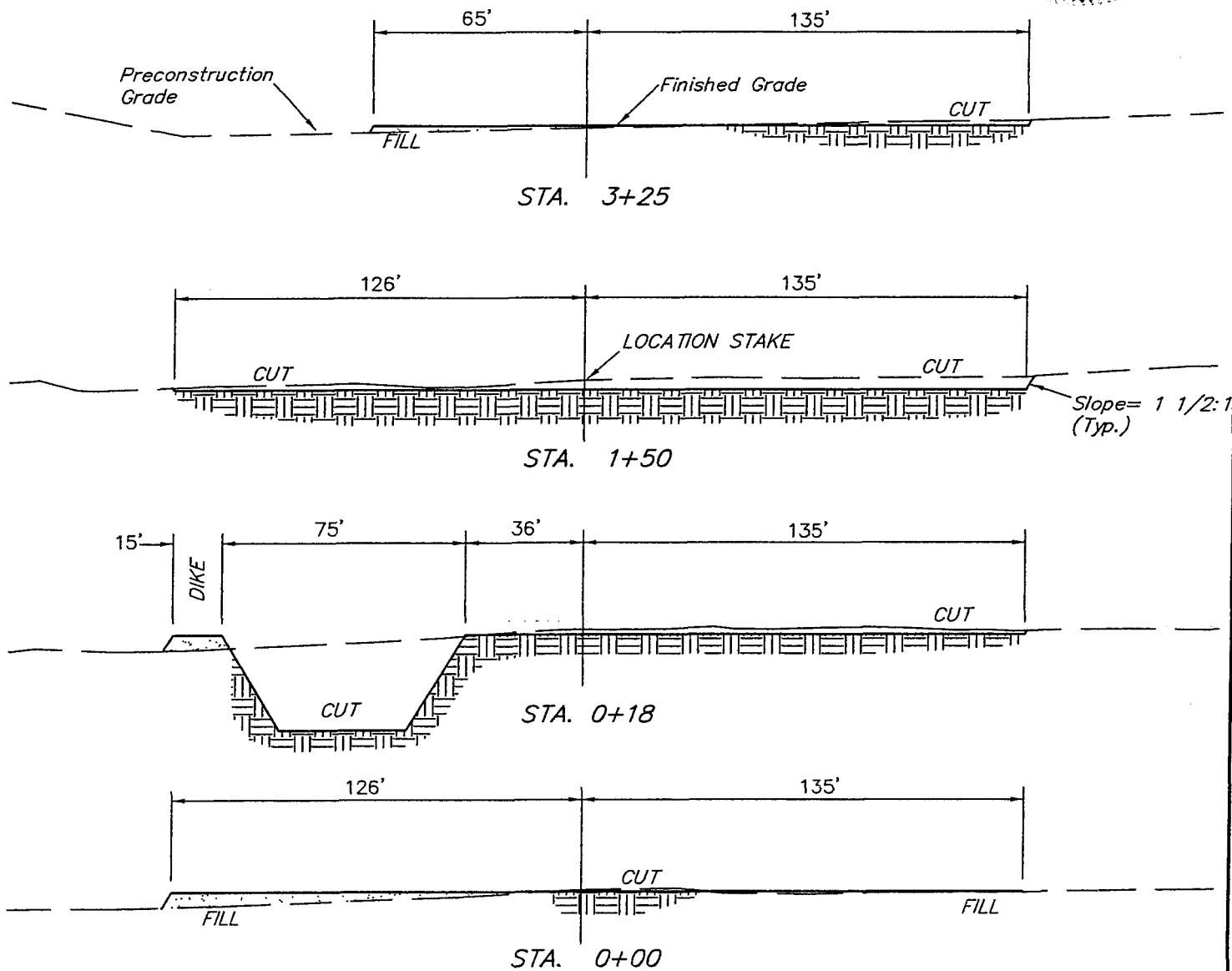
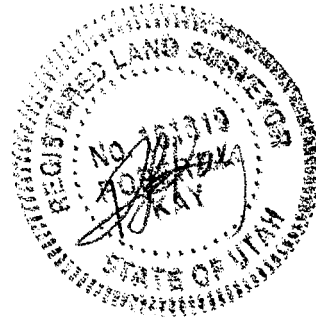
SECTION 24, T9S, R21E, S.L.B.&M.

521' FSL 750' FEL



DATE: 04-11-04

Drawn By: D.R.B.



* NOTE:
 FILL QUANTITY INCLUDES
 5% FOR COMPACTION

APPROXIMATE YARDAGES

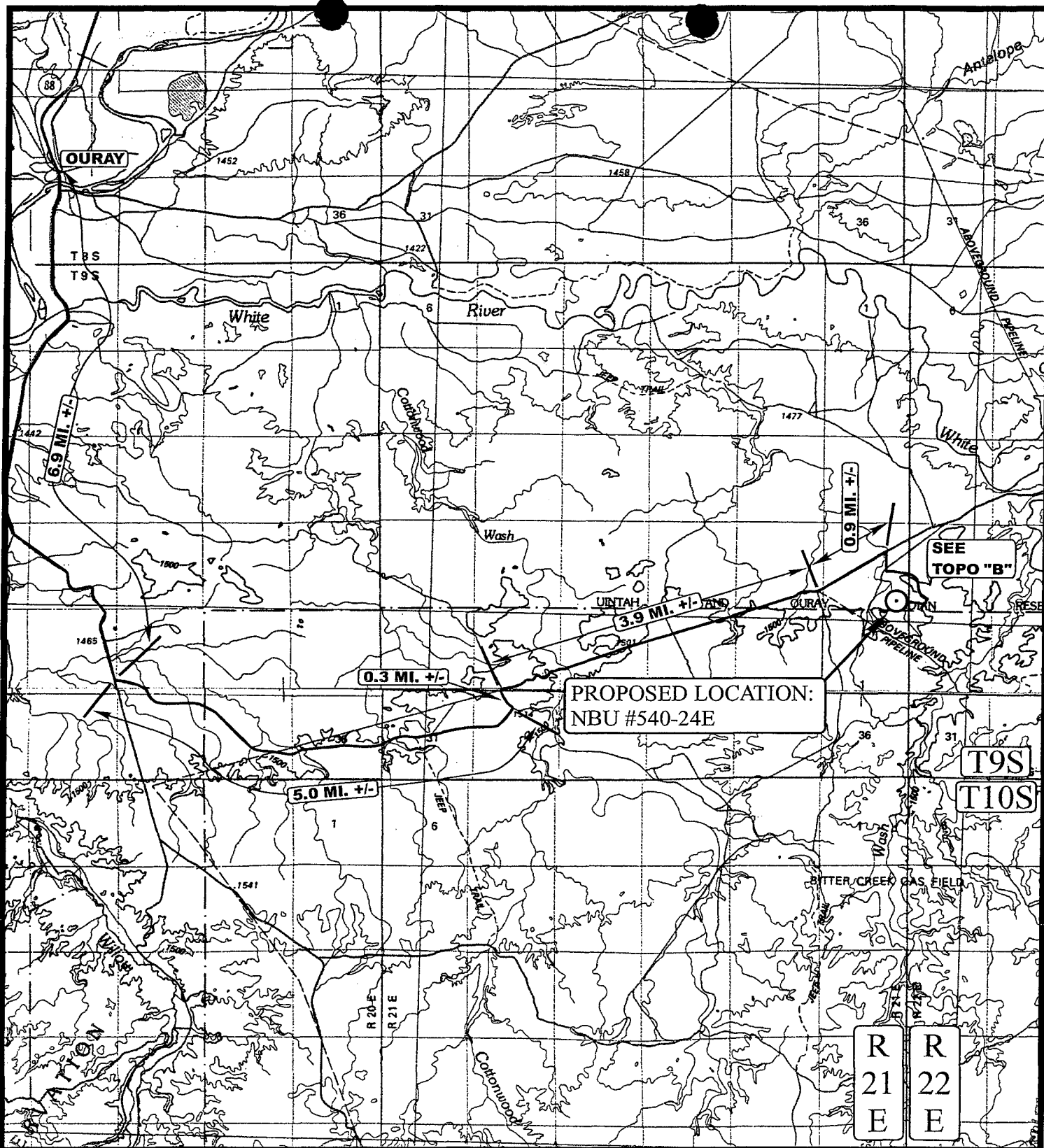
(12") Topsoil Stripping = 2,990 Cu. Yds.
 Remaining Location = 3,210 Cu. Yds.
 TOTAL CUT = 6,200 CU.YDS.
 FILL = 1,550 CU.YDS.

NOTE:

Topsoil should not be
 Stripped Below Finished
 Grade on Substructure Area.

EXCESS MATERIAL = 4,650 Cu. Yds.
 Topsoil & Pit Backfill = 4,650 Cu. Yds.
 (1/2 Pit Vol.)
 EXCESS UNBALANCE = 0 Cu. Yds.
 (After Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING
 85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017



LEGEND:

○ PROPOSED LOCATION

N



EOG RESOURCES, INC.

NBU #540-24E

SECTION 24, T9S, R21E, S.L.B.&M.

521' FSL 750' FEL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

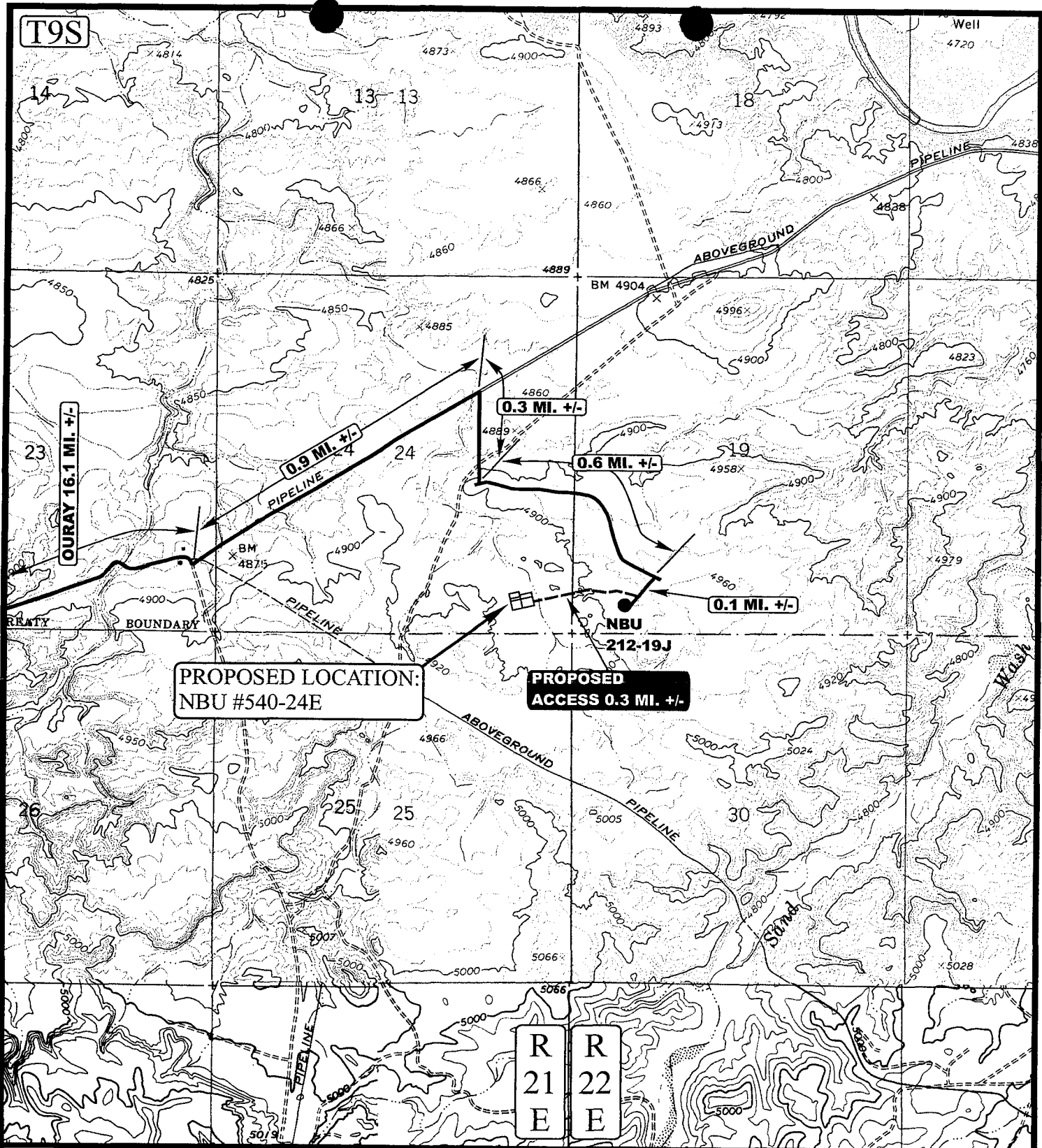
4 1604
MONTH DAY YEAR

SCALE: 1:100,000

DRAWN BY: J.L.G.

REVISED: 00-00-00





LEGEND:

--- PROPOSED ACCESS ROAD
 ——— EXISTING ROAD

EOG RESOURCES, INC.

NBU #540-24E

SECTION 24, T9S, R21E, S.L.B.&M.

521' FSL 750' FEL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

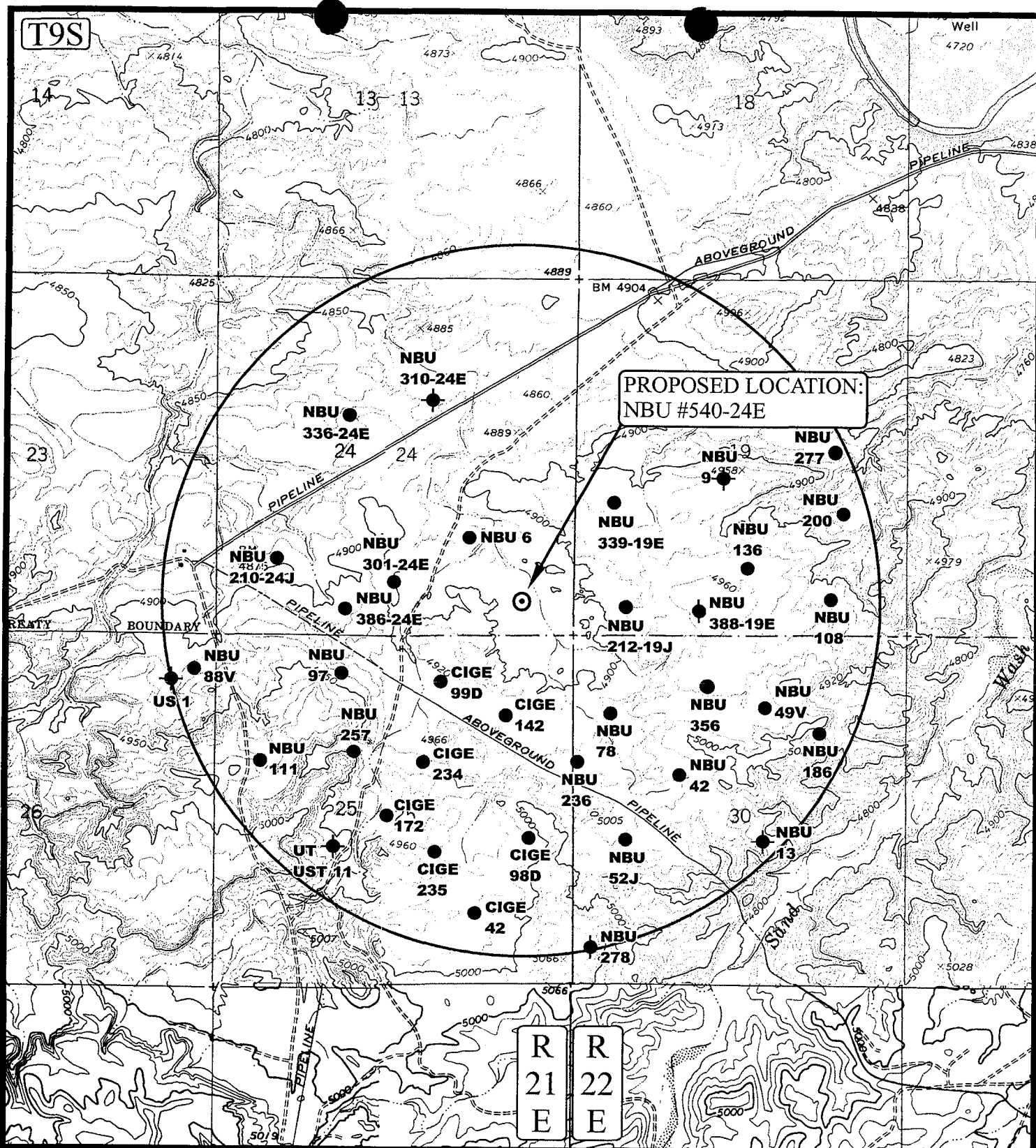


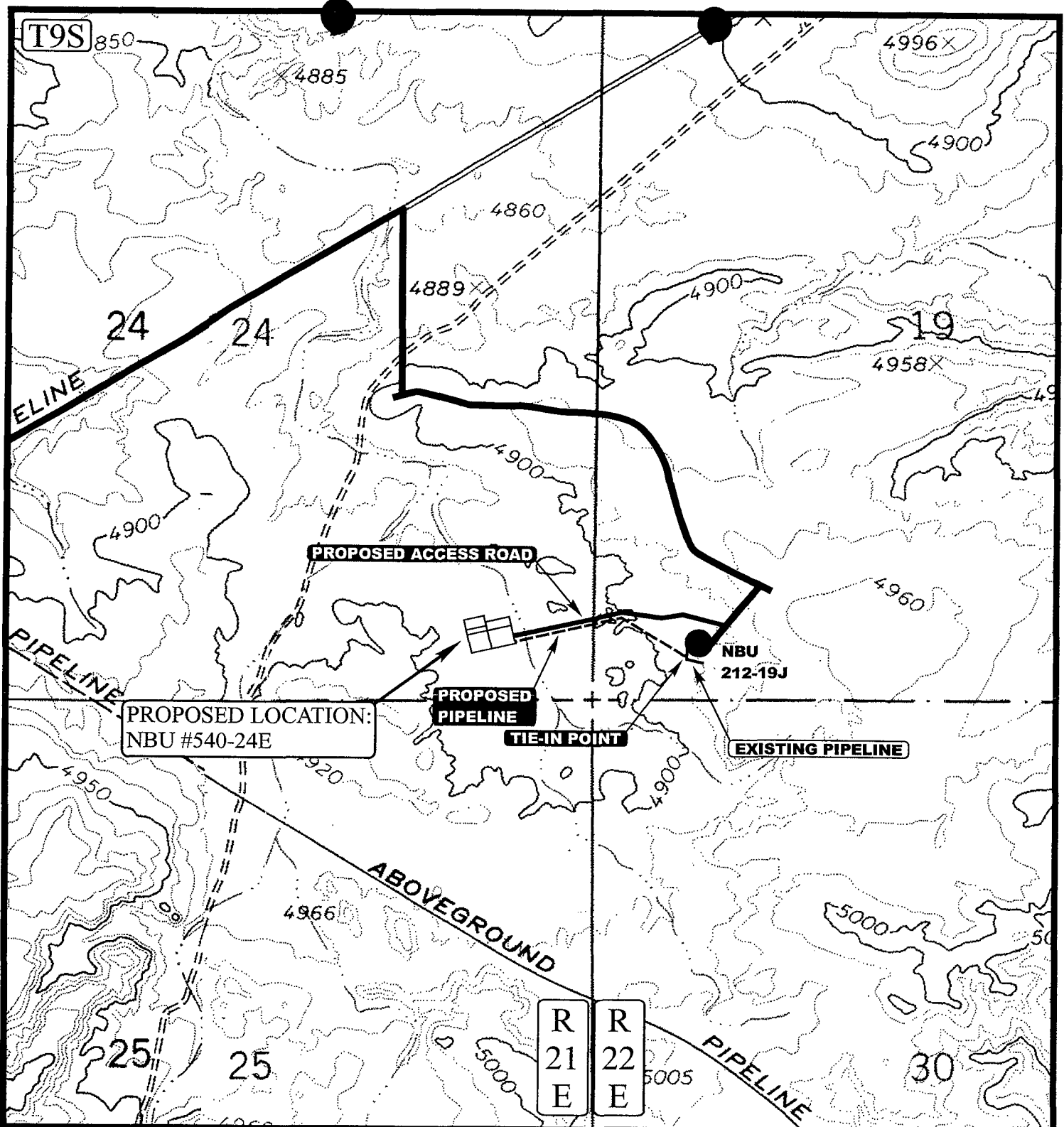
TOPOGRAPHIC
 MAP

4 16 04
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: J.L.G. REVISED: 00-00-00

B
 TOPO





APPROXIMATE TOTAL PIPELINE DISTANCE = 1,930' +/-

LEGEND:

- EXISTING PIPELINE
- PROPOSED PIPELINE
- PROPOSED ACCESS

EOG RESOURCES, INC.

NBU #540-24E

SECTION 24, T9S, R21E, S.L.B.&M.

521' FSL 750' FEL



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813



TOPOGRAPHIC
MAP

4 16 04
MONTH DAY YEAR

SCALE: 1" = 1000'

DRAWN BY: J.L.G.

REVISED: 00-00-00

D
TOPO

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 08/18/2004

API NO. ASSIGNED: 43-047-35888

WELL NAME: NBU 540-24E

OPERATOR: EOG RESOURCES INC (N9550)

CONTACT: ED TROTTER

PHONE NUMBER: 435-789-4120

PROPOSED LOCATION:

SESE 24 090S 210E

SURFACE: 0521 FSL 0750 FEL

BOTTOM: 0521 FSL 0750 FEL

UINTAH

NATURAL BUTTES (630)

LEASE TYPE: 1 - Federal

LEASE NUMBER: U-0149076

SURFACE OWNER: 2 - Indian

PROPOSED FORMATION: PRRV

COALBED METHANE WELL? NO

INSPECT LOCATN BY: / /

| Tech Review | Initials | Date |
|-------------|----------|------|
| Engineering | | |
| Geology | | |
| Surface | | |

LATITUDE: 40.01581

LONGITUDE: -109.4927

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. NM-2308)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. 49-1501)
☒ RDCC Review (Y/N)
(Date:)
☒ Fee Surf Agreement (Y/N)

LOCATION AND SITING:

R649-2-3.

Unit NATURAL BUTTES ☒

R649-3-2. General

Siting: 460 From Qtr/Qtr & 920' Between Wells

R649-3-3. Exception

☒ Drilling Unit

Board Cause No: 173-14

Eff Date: 12-2-99

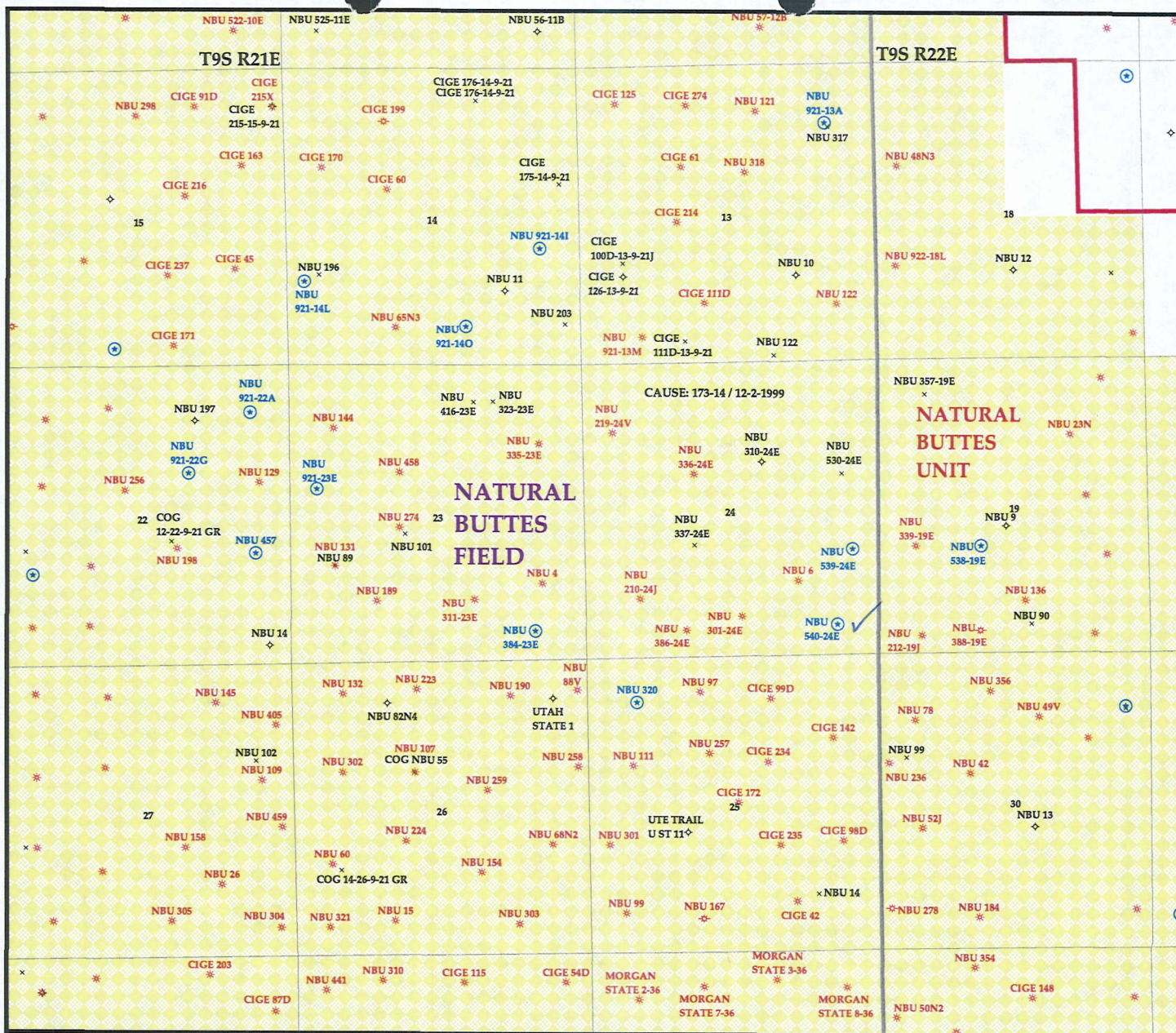
Siting: 460' fr a bary f undomn. tract

R649-3-11. Directional Drill

COMMENTS:

STIPULATIONS:

i-federal approved
2 - OIL SHALE



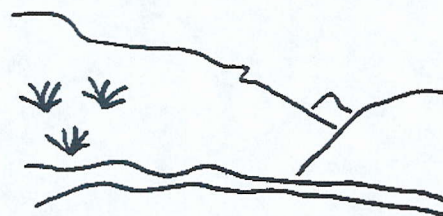
OPERATOR: WESTPORT O&G CO (N2115)

SEC. 24 T.9S R.21E

FIELD: NATURAL BUTTES (630)

COUNTY: UINTAH

CAUSE: 173-14 / 12-2-1999



Utah Oil Gas and Mining

Wells

- ✱ GAS INJECTION
- ✱ GAS STORAGE
- ✱ LOCATION ABANDONED
- ⊙ NEW LOCATION
- ✱ PLUGGED & ABANDONED
- ✱ PRODUCING GAS
- PRODUCING OIL
- ✱ SHUT-IN GAS
- ✱ SHUT-IN OIL
- ✱ TEMP. ABANDONED
- TEST WELL
- ⬆ WATER INJECTION
- ⬆ WATER SUPPLY
- ⬆ WATER DISPOSAL

Units.shp

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Fields.shp

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED



PREPARED BY: DIANA WHITNEY
DATE: 26-AUG-2004



State of Utah

Department of
Natural ResourcesROBERT L. MORGAN
*Executive Director*Division of
Oil, Gas & MiningLOWELL P. BRAXTON
*Division Director*OLENE S. WALKER
*Governor*GAYLE F. McKEACHNIE
Lieutenant Governor

August 27, 2004

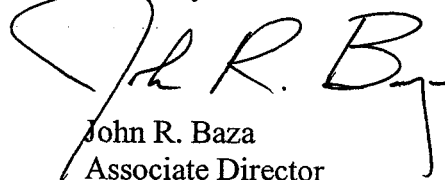
EOG Resources, Inc.
P O Box 1815
Vernal, UT 84078Re: Natural Buttes Unit 540-24E Well, 521' FSL, 750' FEL, SE SE, Sec. 24,
T. 9 South, R. 21 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-35888.

Sincerely,


John R. Baza
Associate Directorpab
Enclosurescc: Uintah County Assessor
Bureau of Land Management, Vernal District Office

Operator: EOG Resources, Inc.
Well Name & Number Natural Buttes Unit 540-24E
API Number: 43-047-35888
Lease: U-0149076

Location: SE SE Sec. 24 T. 9 South R. 21 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. In accordance with Order in Cause No. 190-5(b) dated October 28, 1982, the Operator shall comply with requirements of Rules R649-3-31 and R649-3-27 pertaining to Designated Oil Shale Areas. Additionally, the operator shall ensure that the surface and/or production casing is properly cemented over the entire oil shale interval as defined by Rule R649-3-31. The Operator shall report the actual depth the oil shale is encountered to the Division.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410



IN REPLY REFER TO:

3160

UT08300

June 15, 2005

Ed Trotter
EOG Resources, Inc.
P. O. Box 1910
Vernal, Utah 84078

Re: Well No. NBU 540-24E
SESE, Sec. 24, T9S, R21E
Uintah County, Utah
Lease No. U-0149076
Natural Buttes WS MV

Dear Mr. Trotter:

The Application for Permit to Drill (APD) the above referenced well submitted August 17, 2004, is being returned unapproved. To date the BLM has not received BIA Concurrence for this location.

If you have any questions concerning APD processing, please contact me at (435) 781-4497.

Sincerely,

/s/ Leslie Wilcken

Leslie Wilcken
Legal Instruments Examiner

cc: UDOGM
BIA

RECEIVED
JUN 1 / 2005
DIV OF OIL GAS & MINING

**State of Utah****Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

June 21, 2005

Ed Trotter
EOG Resources Inc.
P.O Box 1815
Vernal UT 84078

Re: APD Rescinded – NBU 540-24E, Sec. 24, T. 9S, R. 21E,
Uintah County, Utah API No. 43-047-35888

Dear Mr. Trotter:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on August 27, 2004. On June 17, 2005 the Division received a letter from the Bureau of Land Management (BLM), which states that the permit filed with the BLM is being returned. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective June 21, 2005.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

A handwritten signature in cursive script, appearing to read "Diana Whitney".
Diana Whitney
Engineering Technician

cc: Well File
Bureau of Land Management, Vernal



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

<http://www.ut.blm.gov/utah/vernal>



N REPLY REFER TO:

3160

UT08300

June 29, 2005

Jim Shaeffer
EOG Resources, Inc.
P. O. Box 250
Big Piney, WY 83113

Re: Wells: Stagecoach Unit 87-20 43-047-35605
NENW, Sec. 20, T9S, R22E
Lease No. 14-20-462-448
Stagecoach Unit,

NBU 540-24E
SESE, 24, T9S, R21E 43-047-35888
Lease No. UTU-0149076
Natural Buttes WS MV
Uintah County, Utah

Dear Mr. Shaeffer:

In light of the additional information supplied by you, please return the permits with clean face pages for the above referenced locations. They will be stamped with the original received dates.

I have reviewed the return of the above referenced APDs and the information. As part of our effort to improve the APD processing in our office, pending APDs older than 6 months are reviewed for feasibility. Ms. Wilcken was instructed to return these APDs unapproved prior to communication with the company.

If you have any questions concerning this matter, please contact me at (435) 781-4480.

Sincerely,

Howard B. Cleavinger II
Assistant Field Manager for
Mineral Resources

cc: Ed Trotter
UDOGM
BIA

RECEIVED

JUL 01 2005

DIV. OF OIL, GAS & MINING